

CONFIDENTIAL

12 September 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Costing of OC Services

1. The DD/A Administrative Services Costing Task Force (Attachment 1) convened at 1330 12 September 1974. The task is as stated in paragraph 8c of the Financial Guidelines (Attachment 2) which is to identify DD/A costs for services provided to (1) other components within the Agency (2) other agencies.

2. Timing - A statement of these costs is due 31 December 1974 from the DD/A to the DCI. The Costing Task Force is due to report their costs to the DD/A by the end of November 1974.

3. The following information should accompany the individual office reports:

- A. How you propose to cost
- B. The methodology used to arrive at the costs
- C. Identify the customers (this is to be broken down to the Office or Division level)
- D. Provide a judgment of what it will cost to administer the system within the Office (OC). This cost can be stated in a dollar figure or in person-hours

The intention is not to charge individual customers but to make the customer aware of the respective costs. It was stated that the DD/A policy is not to charge the costs back.

4. Comment - The foregoing will be a difficult task to accomplish within the directed time frame. In order to approach the task it seems that a portion of the OC working group, which is studying OC costs, must be selected to concentrate their efforts on a full-time basis until such time as we can see our way clear in meeting the deadlines. The remaining members of the group can be used as their individual services are required.

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Although it is necessary to change plan at the last minute, it is imperative that I be informed through the Comptroller before you take action on any of the kinds of projects described above so that they can be evaluated in relation to the then current status of the environment and the Agency's overall resource situation."

2. There are projects which apply specifically to your Office or which cut across component lines. Those projects involving more than one component will be coordinated by a task force chaired by the Chief, DD/A Plans Staff. Those parts of the Director's memorandum affecting your Office are:

"8." In paragraph one I noted the need to continue seeking opportunities to effect further savings in funds and positions. You will have your own ideas about how you might approach this problem but there are a number of areas where I believe attention will prove rewarding. You are requested to consider and submit recommendations by the dates indicated:

"c. Accelerating the development of methods to identify the costs of services furnished to Agency components; and expanding that effort to include a systematic study of all areas of activity where modification of the way we budget for goods and services might focus managerial responsibility more sharply on the allocation of resources. Such a study should bear in mind the cost/benefit tradeoffs, and should stop short of developing systems which would cost more to administer than their implementation might save. 31 December 1974

"g. Studying ways in which the cost of providing communications services might be charged to individual customers within the Agency as well as other departments and agencies. 1 March 1975

"9. The other Deputies have been asked to undertake studies in their own areas of responsibility. Some of them will be of interest to you and some will require your cooperation and assistance:

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